
US EXECUTIVE APPROVAL FORM**CUSTOMER NAME: Smithfield Foods****PARTNER/VAD NAME:****SECTION I - Approval Requests:****HQAPP Requests:**

1. Price Hold through August 31, 2003 at the discounts being offered on this deal (60%). If the Customer has a cumulative spend of greater than \$1.9M Net L prior to August 31, 2003, grant them an additional 2 year price hold extension on perpetual licenses. (draft with Aug. 15, 2003 date)
 - The Part 2 deal summary box below details out what the team expects the purchase off of the price hold to be.
2. Request that if Customer meets the threshold to warrant the extension, that Oracle agrees to grant them a 2 renewal year technical support flatline on the licenses that make up the \$1.9M initial order(s).

TIER 1 Requests:

3. Request approval to sell the Programs/Quantities listed in the deal summary box on a 1 year term bases (Term list license price to be 20% of perpetual, support to be at perpetual pricing). Request approval for a 60% discount. (draft at 50%)
 - In the event that Smithfield chooses to purchase Perpetual licenses for the CRP, we are seeking the same 60% worst case discount.

TIER 2/3 Requests:

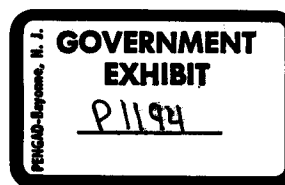
4. 1.Majority owned subs > 50% with or without exhibit subs do not agree in writing but HQ has the authority to bind subs and will bind.
5. Divestiture up to 1 year – standard contract option.

Non-Approval Issues: Draft with minimum purchase of \$150K for each transaction going forward.**Previously approved requests (include date of approval):**

- 1.
- 2.

SECTION II – Deal Summary: Smithfield Foods is looking to purchase the minimum licenses and support necessary to conduct a Conference Room Pilot (CRP) for the Order To Cash workflow. They will use the CRP to assess Oracle's capabilities as Oracle does not have referenceable OTC customers in the food processing industry vertical.

Once the CRP is complete (slated for mid July), this deal will provide the customer with the option to purchase the full roll out's worth of licenses (Deployment) at a worst case 60% discount (net \$ 1.9L) . The CRP licenses will likely be Term licenses to keep short term costs (risk) to a minimum, and will be discounted at the same worst case discount through August '03. We will lead with 50%. In the event that Smithfield chooses to purchase Perpetual licenses for the CRP, we are seeking the same 60% worst case discount. The price hold is requested through August to allow for slippage. OCS is actively bidding for the CRP and roll out work, and has a fixed price proposal submitted for \$3M+.



Deal Summary	
Programs	Database EE, Diagnostic Pack, Tuning Pack, Change Management Pack, 9iAS, Open Systems Gateway, Marketing Online, Trade Management, iStore, Order Management, Release Management, Advanced Pricing, Configurator, Demand Planning, iReceivables
License Discount	60 %
Support Discount	60 %
Support Options/Holds	2 renewal year flatline from 8/03 if thresholds are met
Price Holds	2 + year price hold if thresholds are met
Two Part Deal	These are the licenses necessary for the Conference Room Pilot (CRP) to complete the initial evaluation of Oracle Applications Software.
Part 1	
List License -Perpetual	\$445,700
List Support -Perpetual	\$98,054
List 1-Year Term (20% of Perp)	\$89,140
Net License –1 Year Term – 60%	\$35,656 / Perpetual Alternative = \$178,280
Net Support –1 year Term=Perpetual rate – 60% disc.	\$39,221.60 / Perpetual Alternative = same = \$39,221.60
Net Comp & Admin	
Net Total Price –1 year term	\$74,877.60 / Perpetual Alternative = \$217,501.60
Price List Used	March 2003

Part 2 - Order To Cash Applications deal (see attached ss for detail)

60% Worst Case Discount with Post CRP Deployment Licenses. These licenses are for the Deployment requirements at the conclusion of the CRP to be completed by July 15th and purchased by August 31st

List License Deploy	\$4,888,450
List Support Deploy	\$ 1,075,459
List Comp & Admin	
Net License Deploy	\$1,956,880
Net Support Deploy	\$ 430,514
Net Comp & Admin	
Net Total Price Deploy	\$ 2,387,394
Price List Used	March 2003

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	No
Date of Price List for price hold	
When does price hold expire?	
Price hold program categories (database, server, crp, crm, hr/payroll, app suite)	
Name of Agreement if applicable	

SECTION III - Justification:

Smithfield Foods is an existing Oracle APPS Customer (Financials and HR) who is currently implementing with OCS. Oracle does not have applicable references for Order to Cash in the food /process manufacturing vertical. Smithfield would be an excellent reference candidate as they own 24% of this \$ 36B market (pork production).

Smithfield is extremely risk averse and is willing to proceed with an Oracle OTC solution (in spite of our lack of references) if Oracle agrees 1) to lock in pricing now for the full Order to Cash solution, good through Q1, and 2) support a CRP with Term licenses discounted at the same discount as the full roll out licenses.

Smithfield will pay for consulting services to implement the CRP, and is likely to work with OCS, but is also evaluating IBM/Pwc and CSC. OCS has currently submitted a \$ 3M fixed bid proposal to Smithfield for the CRP and OTC go-live.

This deal is competitive with SAP, who has significant presence in this industry space, including installations at Conagra and Tyson.

Recommendation: Approve. Given where we went with Cooper, I'm sure that they will be back with higher discounts. Rich B already mentioned this in his email.

Submitted By: *(fill in rep name and AVP name here)* Frank Bagli, Tate, Pope, Runk, Block

R: 3/25/03
C: 3/25/03
L: 3/25/03
A: 3/25/03
BP: BL